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Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 L-03 IO-13 NSC-05 AID-05
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 /074 W
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R 181720Z AUG 77
FM AMEMBASSY ABIDJAN
TO DEPT OF TREASURY WASHDC
INFO SECSTATE WASHDC 4945

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E.O. 11652: N/A
TAGS: AFDF, AFDB, EAID, EFIN
SUBJECT: AFRICAN DEVELOPMENT FUND DIRECTORS MEETING:
AUGUST 16, 1977

1. (UNDERLINE) SUMMARY (END UNDERLINE): AFRICAN DEVELOPMENT FUND (AFDF) BOARD OF DIRECTORS MET AUGUST 16, APPROVING FOUR LOANS: CAPE VERDE TELECOMMUNICATIONS PROJECT, $2.2 MILLION; MADAGASCAR RICE DEVELOPMENT, $6.7 MILLION; NIGER OPERATION WELLS, $2.7 MILLION; AND COMOROS VANILLA AND CLOVES PROJECT, $6.4 MILLION, THE BOARD APPROVED A SUPPLEMENTAL 1976 BUDGET ALLOCATION OF $9,500 TO COVER BALANCE OF OUTSIDE AUDITOR'S FEE FOR 1976. BOARD ALSO APPROVED FUND STATEMENT OF ACCOUNTS FOR THE PERIOD JANUARY 1 THROUGH JUNE 30, 1977. NEXT REGULAR BOARD MEETING SCHEDULED FOR SEPTEMBER 19. (UNDERLINE) END SUMMARY (END UNDERLINE).

2. TWO OF THE FOUR LOANS APPROVED BY THE BOARD, NIGER WELLS AND COMOROS VANILLA AND CLOVES, WERE FOR SUMS IN EXCESS OF AMOUNTS CITED IN ORIGINAL LOAN DOCUMENT. AFDF PARTICIPATION IN THE COMOROS PROJECT WAS APPROVED AT $6.4 MILLION, RATHER THAN THE $5.5 MILLION ORIGINALLY SOUGHT. THE ADDITIONAL $900 THOUSAND WILL BE APPLIED TO LOCAL COSTS. THE CHANGE WAS PROMPTED BY A DIRECT APPEAL TO PRESIDENT FORDWOR BY THE PRESIDENT OF COMOROS. THE
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NIGER LOAN WAS APPROVED IN THE AMOUNT OF $3.0 MILLION RATHER THAN $2.7 MILLION AS ORIGINALLY PROPOSED. THE BORROWER REQUESTED THE ADDITIONAL SUMS TO HELP FINANCE A GREATER SHARE OF LOCAL COSTS.

3. SIGNIFICANT BOARD DISCUSSION WAS PROMPTED BY CONSIDERATION OF CAPE VERDE AND NIGER LOAN PROPOSALS. IN CASE OF CAPE VERDE PROJECT BOARD MEMBERS STATED THAT TELECOMMUNICATIONS PROJECTS DID NOT

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QUALIFY FOR FUNDING UNDER AFDF LENDING CRITERIA, BUT THE BOARD AGREED TO APPROVE THIS PARTICULAR LOAN AS AN EXCEPTION, DUE TO CRITICAL NEED FOR COMMUNICATIONS CAPABILITY AND ECONOMIC CONDITIONS IN BORROWER COUNTRY. U.S. ALTERNATE DIRECTOR QUESTIONED PROCUREMENT ASPECTS OF NIGER PROJECT, STATING THAT IN GENERAL, FUND'S PROCUREMENT POLICIES AND PROCEDURES APPEAR ILL DEFINED. (NIGER PROJECT PROVIDES FOR "RESTRICTED TENDERING.") PRESIDENT FORDWOR AGREED AND STATED WILLINGNESS TO COMMENCE COMPREHENSIVE REVIEW OF AFDF PROCUREMENT POLICY AND PROCEDURES IN SEPTEMBER, WHEN PRICE WATERHOUSE COMPLETES ITS ONGOING STUDY OF FUND DISBURSEMENTS.

4. MANAGEMENT BRIEFED THE BOARD ON STATUS OF NEW ACCESSIONS AND RATIFICATIONS OF REPLENISHMENT PLEDGES AS FOLLOWS:

(A) SAUDI ARABIA IS EXPECTED TO MAKE ADDITIONAL $10 MILLION CONTRIBUTION IN DECEMBER, 1977.

(B) KUWAIT IS EXPECTED TO JOIN FUND THIS YEAR WITH INITIAL SUBSCRIPTION OF $6.0 MILLION, THE REMAINING $10 MILLION WHICH KUWAIT INTENDS TO CONTRIBUTE IS EXPECTED TO BE PLEDGED AS PART OF THE SECOND REPLENISHMENT.

(C) THE FRENCH PARLIAMENT WILL NOT TAKE UP QUESTION OF AFDF MEMBERSHIP UNTIL OCTOBER, 1977.

(D) THE BRITISH PARLIAMENT APPROVED THE U.K. CONTRIBUTION TO THE LIMITED OFFICIAL USE

SPECIAL INCREASE AND THE FIRST REPLENISHMENT ON AUGUST 12. FINAL APPROVAL REQUIRES MINISTERIAL SIGNATURE.

(E) THE BELGIAN PARLIAMENT HAS APPROVED CONTRIBUTION TO SECOND REPLENISHMENT. MATTER AWAITS MINSTERIAL SIGNATURE.

5. (UNDERLINE) REPLENISHMENT NEGOTIATIONS (END UNDERLINE). FORDWOR INDICATED THAT MANAGEMENT'S PROPOSALS FOR THE SECOND GENERAL REPLENISHMENT WILL BE DISTRIBUTED AT A SPECIAL BOARD MEETING SCHEDULED FOR SEPTEMBER 13. HE NOW PLANS TO HOLD THE INITIAL MEETING OF REPLENISHMENT NEGOTIATIONS THE FIRST WEEK OF DECEMBER. FORDWOR EXPECTS THE MEETING TO BE IN BELGRADE, BUT THE LOCATION IS NOT CERTAIN, PARTICULARLY SINCE THE CSCE CONFERENCE WILL BE IN BELGRADE DURING THE SAME TIME FRAME. A SECOND SESSION OF REPLENISHMENT NEGOTIATIONS WILL CONVENE IN LATE FEBRUARY, OR EARLY MARCH AT AN UNDETERMINED LOCATION, WITH THE FINAL SESSION BEING HELD IN LIBREVILLE AT THE TIME OF THE AFDF ANNUAL MEETING.

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R 181720Z AUG 77
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6. (UNDERLINE) NON-REGIONAL BANK MEMBERSHIP (END UNDERLINE). FORDWOR EXPECTS THE QUESTION OF NON-REGIONAL MEMBERSHIP IN THE AFRICAN DEVELOPMENT BANK (AFDB) TO BE FORMALLY CONSIDERED AT THE 1978 ANNUAL MEETING IN LIBREVILLE. HE IS REPORTEDLY PLANNING TO SEND A LETTER TO EACH NON-REGIONAL FUND GOVERNOR WITHIN THE NEXT FEW WEEKS, REQUESTING THAT THEY INDICATE WHETHER THEIR GOVERNMENT WOULD JOIN THE BANK IF INVITED TO DO SO. IT IS EXPECTED THAT FORDWOR WILL REQUEST A RESPONSE BEFORE JANUARY, 1978, AT WHICH TIME HE IS SCHEDULED TO REPORT TO THE BANK GOVERNORS ON THE FEASIBILITY OF NON-REGIONAL BANK MEMBERSHIP. IT IS UNCERTAIN WHETHER FORDWOR WILL PROPOSE TERMS OF MEMBERSHIP IN HIS LETTER TO NON-REGIONAL GOVERNORS, HOWEVER IN THE PAST, HE HAS PROPOSED THE FOLLOWING ARRANGEMENT:

(A) UPON THE ENTRY OF NON-REGIONAL MEMBERS AUTHORIZED BANK CAPITAL WOULD BE INCREASED TO ONE BILLION BANK UNITS OF ACCOUNT (BUA EQUALS US $ 1.21) FROM CURRENT LEVEL OF 800 MILLION. NON-REGIONALS WOULD INITIALLY SUBSCRIBE TO 100 MILLION BUA PAID IN AND 100 MILLION BUA CALLABLE CAPITAL. NON-REGIONAL VOTING SHARE WOULD THEREFORE BE 20 PERCENT.

(B) AUTHORIZED BANK CAPITAL WOULD SUBSEQUENTLY BE RAISED TO 5 BILLION BUA; THE TOTAL ADDITIONAL 4 BILLION BUA BEING AUTHORIZED
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IN THE FORM OF CALLABLE CAPITAL. AFRICAN MEMBERS WOULD SUBSCRIBE TO 3.2 BILLION BUA WITH NON-REGIONALS SUBSCRIBING TO 800 MILLION BUA. (PRESUMALY, THE AFDB WOULD ESTABLISH CLASSES OF CALLABLE CAPITAL FOR BORROWING IN THE CAPITAL MARKETS). UNDER THIS ARRAN-

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GEMENT, NON-REGIONAL VOTING POWER WOULD CONTINUE TO BE LIMITED TO TWENTY PERCENT.

7. (UNDERLINE) UK-US - YUGOSLAV CONSTITUENCY ARRANGEMENTS (END UNDERLINE). UK DIRECTOR WRIGHT ADVISED USALTDIR THAT HE HAS REQUESTED LONDON TO FORMALLY ADVISE BELGRADE REGARDING APPOINTMENT OF U.S. AS ALTERNATE DIRECTOR FOR CONSTITUENCY. WRIGHT FURTHER INDICATED THAT HE REQUESTED WASHINGTON BE GIVEN OPPORTUNITY TO REVIEW PROPOSED WORDING OF NOTIFICATION PRIOR TO TRANSMITTAL TO BELGRADE.
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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Executive Order: N/A
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Review Markings:
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